



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

**Congressman Jim Saxton
Ranking Republican Member**

PRESS RELEASE

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TAX INCREASES WOULD UNDERMINE ECONOMIC GROWTH

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WASHINGTON, D.C. – Despite strong economic growth in recent quarters, the downside risks to the economic outlook are growing, a situation aggravated by plans for a variety of tax increases. This morning, Republican Leader John Boehner and other Republican leaders issued a new report highlighting the danger tax increases would pose to the economy.

As one recent National Bureau of Economic Research (NBER) study noted of tax increases undertaken for broad fiscal policy reasons, these tax increases “... appear to have a very large, sustained, and highly significant negative impact on output.” The NBER study found much of this negative impact is due to declines in gross private investment triggered by such tax increases.

Recent Republican JEC studies also have documented the economic damage that tax increases cause, as well as their tendency to increase federal spending. According to a study released by JEC Ranking Member Jim Saxton last July, each dollar of federal tax increases since 1947 has led to \$1.07 of additional federal spending. By providing more resources to Congress, tax increases historically tend to stimulate more federal spending. Saxton made the following statement on taxes and the economy:

“The most recent figures on GDP growth have been robust, but we know there are downside risks in the economic outlook. Housing construction is contracting, home prices are falling in much of the country, and uncertainties about the value of mortgage investments have undermined a number of financial institutions and created turmoil in the financial markets. In this environment, even consideration of tax increases is especially undesirable. Tax increases would put an additional burden on an economy that is already under enormous stress,” Saxton concluded.

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